

**GREATER NEW BEDFORD REGIONAL REFUSE MANAGEMENT DISTRICT**

Minutes December 6, 2018

The Greater New Bedford Regional Refuse Management District Committee held a publicly posted meeting on **Thursday, December 6, 2018 at 8:00 AM** at the Dartmouth Town Hall, Room 305, 400 Slocum Road, Dartmouth, MA.

**District Committee Members in attendance:** John Beauregard, Chairperson; Daniel Patten, Christine LeBlanc, Ken Blanchard, Kathleen Towers.

Nathalie Dias, Vice-chairperson; arrived at 8:41 a.m.

**Also present:** Scott Alfonse, Executive Director; Leonor Ferreira, Secretary; Attorney Matthew J. Thomas, District Counsel, Tim Cusson, Dartmouth resident and Vice President of Parallel Products, New England.

**1. Call to order**

The meeting was called to order at 8:02 AM.

**2. Salute to the Flag**

All in attendance stood to salute the flag.

**3. Legal notices**

Mr. Beauregard read the notice advising the Board that the meeting may be recorded by audio and/or video.

Legal notices have been posted in New Bedford and Dartmouth.

**4. Old Business**

*a. Discussion of commercial hauler contracts*

**Motion to discuss the various proposed commercial hauler contracts made by Mr. Patten, seconded by Ms. LeBlanc. Vote 5-0.**

Mr. Alfonse referred to the summary offer sheets, which outlined the basic terms offered to the three commercial haulers whose contracts expire on December 31, 2018. All contracts have a put or pay provision. The provision states that customer must either deliver a certain amount of tonnage or pay the sum equal to the amount of that tonnage. This guarantees revenue to the District.

ABC Disposal - Customer has agreed in principle to the terms offered, which starts January 1, 2019.

Cleanway Disposal - Customer has not yet indicated their willingness to accept the terms.

Customer thought they had one additional year with the current contract. Their contract expires December 31, 2018.

Mr. Beauregard questioned if customer would be required to pay gate rate tipping fee if it did not sign a new contract. Mr. Alfonse agreed, and noted that if the District believed that it was bargaining in good faith with customer, and that there was progress towards resolution, the District could possibly entertain the request to extend the current contract temporarily. It would be at a different tipping fee, with a short-term contract extension.

Frade's Disposal - Mr. Alfonse referred to the updated offer terms and discussed the issues that are yet to be resolved. He noted that customer would not agree to put or pay provision if they are restricted from the landfill. The District guarantees a set amount of tonnage to a customer, and in turn, it is expecting that amount of revenue. Budget is predicated on that expected revenue. Either the District enforces the put or pay provision or the District will seek tonnage elsewhere.

The Board discussed the intent behind the put or pay provision. Attorney Thomas noted that the provision addressed the issue discussed at the November 27, 2018 meeting during the audit, which the District was budgeting off minimum deliverables but tonnage regularly exceeds the minimum.

Mr. Alfonse referred to the second page of the updated offered terms, and noted that customer favors monthly billing cycle instead of weekly billing. They are going from 60 day payment terms to 30 day payment terms, and 8% interest (APR) charge for balances over 30 days. Customer would be restricted from disposing at the landfill if account is 10 days past due date. Mr. Alfonse noted that customer agreed to those terms.

Ms. LeBlanc questioned if customer was to be restricted from disposing at the landfill at 40 days. Mr. Alfonse agreed.

Mr. Alfonse referred to the "Closeout of Existing Contract" section of the offered terms, and described the conditions for closing out the existing contract, which includes executing a Promissory note for the remaining balance due.

Mr. Blanchard noted that contract has a cross default provision (with the Promissory note). Attorney Thomas said that legally, the Promissory Note is looked at more favorably than 60 days of past due balances.

Mr. Patten questioned if the District was guaranteed anything with a Promissory Note. Mr. Alfonse noted that it needs to be secured. Ms. LeBlanc expressed concern that it be secured. Attorney Thomas noted that legally the District is in a strong position with a secured Promissory Note.

Mr. Patten questioned what the requirement was for the month of January 2019. Mr. Alfonse said that requirement for the Promissory Note would be monthly payments based on 30 month term.

The Board discussed Promissory Note payment schedule, account balance and amortization schedule. Mr. Alfonse noted that they have been a long standing customer since 1995.

Attorney Thomas noted that the current terms would be considered the best compromise for the District and the customer. However, security for the Promissory Note will still be required. Ms. LeBlanc agreed.

Mr. Alfonse noted that at the last meeting the Board discussed allocating some of the payments to an escrow account that the District would be able to draw from, if customer failed to make

payments. Because customer was not in favor of having those funds held up in escrow, they agreed to security on the Promissory Note.

The board agreed that customer should provide the District with a form of security.

Attorney Thomas noted that the shut off provision in the contract is important. If customer reaches shutoff, customer is defaulted under the current contract. If they do not remedy it, it defaults the Promissory Note.

Mr. Blanchard asked if the customer were restricted from disposing at the landfill, what would happen to the solid waste hauled by this customer. The disposal options were discussed.

Mr. Alfonse noted that the interest charged is still a concern to the customer. He noted the conditions the board had previously considered for waiving interest, but that the customer had not accepted those conditions. The interest accrued and was charged. Most of the paid interest was paid in FY18. He noted the FY19 interest.

The Board discussed some of the requirements of the contract and the Promissory Note, and the effects on both in the event of a sale. Mr. Alfonse noted that customer stated that their attorney would be reviewing the contract.

Mr. Blanchard suggested offering interest forgiveness for the FY19 amount. Attorney Thomas noted that the security would be linked to the promissory note. As the debt decreases, the required security could also decrease.

**Motion, in return for Frade's Disposal providing a letter of credit on the promissory note, the District would waive all current and remaining FY 19 interest from now until December 31, 2018 on the existing contract. Motion made by Mr. Blanchard, seconded by Ms. LeBlanc. Vote 6-0.**

**Motion to authorize the Executive Director and District Counsel to negotiate a contract with Frade's Disposal that includes the terms as set forth on this agreement, with the put or pay for 29,000 tons and a maximum of 31,000 tons annually, net 30 days, 8% interest rate, and subject to the daily limits and monthly limits that Mr. Alfonse noted on the "offer sheet". Motion made by Ms. LeBlanc, seconded by Mr. Patten. Vote 6-0.**

**Motion to authorize the Executive Director and District Counsel to negotiate a promissory note with Frade's Disposal for the outstanding balance on the current contract as it exists as of December 31, 2018, providing for a term not to exceed 30 months, at 8% interest rate with monthly payments, and requiring extra payments during the month of January 2019. Ms. Towers, seconded by Ms. LeBlanc. Vote 6-0.**

Town of Lakeville – Mr. Alfonse noted that customer is requesting a small amount of tonnage. If the District is able to reach an agreement with the three contract customers, it may not be necessary to pursue this agreement.

Mr. Beauregard questioned if the District would continue holding the Town of Lakeville's request. Mr. Alfonse stated that he had informed customer that if there were capacity after three contracts were negotiated, the District would consider it.

Mr. Blanchard noted that on some of the contracts the District accepts mattresses. Mr. Alfonse noted the current mattress fee, and stated that it there should be an increase. The only mattresses

acceptable are from the City of New Bedford. Because mattresses are mixed with trash, the District's only option is to dispose of it at the landfill.

Mr. Patten questioned if the Town of Lakeville was currently disposing solid waste at the Crapo Hill landfill, and if the District should consider customer as a potential customer. Mr. Alfonse noted that customer hauls elsewhere. The District is at capacity and currently does not need the additional tonnage. Mr. Beauregard noted that if the Town of Lakeville did not have any other disposal options, the District would be willing to accept their solid waste as a neighboring good gesture.

## **5. New Business**

*a. Discussion of solid waste tipping fee (gate rate).*

**Motion to discuss the Executive Director's recommendation to increase the gate rate tipping fee for solid waste \$90 per ton effective January 1, 2019 made by Ms. LeBlanc, seconded by Mr. Blanchard. Vote 6-0.**

Mr. Alfonse recommended that the District increase its "gate rate" tipping fee for solid waste from \$81 per ton to \$90 per ton effective January 1, 2019. He noted that the District currently offers the lowest tipping fees compared to other area facilities.

**Chairperson Beauregard asked for a motion to accept the Executive Director's recommendation to increase its gate rate tipping fee from \$81 per ton to \$90 per ton effective January 1, 2019. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Vote 6-0.**

**Motion to authorize the Executive Director and District counsel to finalize the negotiation on the ABC Disposal contract and Cleanway contract, subject to the offered terms that were included in the packet. Motion made by Ms. LeBlanc, seconded by Ms. Towers. Vote 6-0.**

## **6. Set date for Next Meeting**

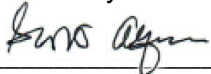
Next meeting is scheduled for January 17, 2019 at 8:00 a.m.

## **7. Adjourn**

**Chairperson Beauregard asked for a motion to adjourn meeting. Motion made by Mr. Patten, seconded by Ms. Towers. Vote 6-0.**

Meeting adjourned at 8:56 a.m.

Approved by vote of District Committee on Thursday, January 17, 2019.



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Scott Alfonse, Executive Director